

APPROVED: Meeting No. 22-83

ATTEST: *Helen M. Heneghan*

MAYOR AND COUNCIL
ROCKVILLE, MARYLAND
MEETING NO. 12-83

May 2, 1983

The Mayor and Council of Rockville, Maryland, convened in work session in the Council Chamber, Rockville City Hall, Maryland at Vinson Street, Rockville, Maryland, on Monday, May 2, 1983, at 8:00 p.m.

PRESENT

Mayor John R. Freeland

Councilman Steve Abrams

Councilman Douglas Duncan

Councilwoman Viola Hovsepian

Councilman John Tyner, II

The Mayor in the Chair.

In attendance: City Manager Larry Blick; City Clerk Helen Heneghan;
City Attorney Paul Glasgow.

Re: Work Session - Street
Lighting alternatives

The following items were submitted for possible Mayor and Council action:

- Approve proposed FY 84 Street lighting budget of \$426,000
- Authorize staff to proceed with independent contractor maintenance of underground-serviced street lights
- Authorize staff to draw up new agreement with PEPCO for providing energy to underground-serviced lights
- Authorize staff to use cooperative procurement procedures to contract with Lighting Systems Service of Muncie, Indiana, under the provisions of Montgomery County contract #7573 Agreement with contractor to commence July 1, 1983.
- Authorize the staff to proceed with conversions of large groups of street lights on an once-a-year basis, over the next five years.
- Authorize the extension of safety-oriented CIP projects to automatically include provision for upgrading and conversion of associated street light systems. (No increases in funding authorizations are requested.)

Mr. Ray Carroll, Chairman of the Energy Commission, Don Vandrey, Energy Coordinator, Bob Goodin, Director of Public Works, and Joseph Cutro, Traffic Engineer, discussed the various aspects of these points with the Mayor and Council and answered Council's questions. The staff was asked to check into vandal-proof equipment and discussed at length the Mayor's suggestion of the

Meeting No. 12-83

-2-

May 2, 1983

City's own personnel doing maintenance. The City Manager explained the cost savings that exist in the staff's recommendation. He suggested the savings be used to start a conversion program of mercury vapor to high powered sodium.

On motion of Councilman Tyner, duly seconded and unanimously passed, the Council approved the staff's recommendation providing public notification is included in all phases of the programs. Mayor Freeland said the City acted with wisdom in approving an Energy Commission long before other jurisdictions and it is evident the City has received more than its money's worth since that time. Countless dollars are being saved, but, as Chairman Carroll pointed out, more importantly, energy is being saved. Mayor Freeland asked that an article be put in the Newsletter discussing the energy savings. The article might include as the last line the money it saves. He asked that the article be approved by the Energy Commission before publication.

Re: Approval of negotiated
bond purchase

Mr. Edward Clark, the City's Bond Counselor, briefed the Mayor and Council on the favorable picture that would be the result of a negotiated bond sale instead of using the bid process.

<u>Purpose</u>	<u>Amount (000)</u>
1. Refund 3 year bond anticipation notes (BANs) issued February 1982	\$11,000,000
2. Finance addition to Swim Center	\$ 1,230,000
3. Finance additional projects including Dover Road and Reserach Boulevard	<u>\$ 500,000</u>
	<u>\$12,730,000</u>

An additional amount of \$200,000 to \$300,000 will have to be borrowed to pay interest on BANs as explained below.

A competitive negotiated sale is proposed rather than a public sale as we have done in the past. A refunding is much more complicated than an ordinary bond sale and a negotiated sale would give us more flexibility than a public sale for reasons explained below.

To ensure openness and competitiveness the senior managing underwriter for this issue would be selected through a request for proposals. The proposals would be evaluated using the following criteria for each firm:

1. Amount and number of refunding issues in the past 5 years as senior manager and co-manager

2. The structuring, negotiating, marketing and distribution strategies the firm would follow; and
3. The amount of compensation the firm would expect for the issue.

The proposals would be evaluated and a recommendation made by the financial advisor and the Director of Finance. The final selection would be made by a committee consisting of 2 Councilmembers and the City Manager. After the sale, the financial advisor would certify that the agreed upon interest rate is reasonable and consistent with market conditions. This certification is required by the City Charter for a negotiated sale.

It is recommended that the Mayor and Council approve a negotiated bond sale of \$12.73 million plus an amount necessary to fully defease the BANs. It is also recommended that a committee consisting of 2 Councilmembers and the City Manager make the final selection of the senior managing underwriter.

The Council discussed the merits of the current process and having the City Manager make the final decision. Councilman Duncan suggested that 2 members of the Council be on the selection committee as the City Manager has suggested but go ahead with the purchasing which involves a poll of the entire Council. This was agreed to by the Mayor and Council. Councilmembers Duncan and Hovsepian will join the committee.

Re: Work Session on Special
Assessment Policies

Briefing was done to the Council by Robert Goodin, Director of Public Works, Alexander Butchart, Engineering Supervisor, and Paul Glasgow, City Attorney. They briefed the Council on the following items:

- a. Explain City special assessment policy and procedures and explain benefit principle in state law.
- b. Explain front foot benefit assessment method.
- c. Explain before and after appraisal approach for determining assessment benefit
- d. Compare "front foot benefit" and "appraisal before and after" approaches on a hypothetical project
- e. Review essential provisions to be included in an ordinance to permit deferral of assessments on property having a farm-land exemption

Mayor Freeland noted that the City's past assessment policy is followed unless there are special conditions present as there were on Monroe and Stonestreet. However, neither of those projects can be used as an example. Since they are totally different, no policy would apply to both the same. He

suggested that the assessment question is a matter of good judgment and good economics. The Council agreed to this and no changes were made in the special assessment policy that now exists.

Re: Discussion of Budget
Review Process and Budget
Review Schedule

Mayor Freeland suggested dates to the Council for budget work sessions. The dates being May 16, 19, 21, and 31 and June 2, 7 and 9. The Council agreed to this. The budget will be adopted on June 13 at 9 p.m.

Re: Adjournment

There being no further business to come before the Council in work session, the meeting was adjourned at 10:45 p.m. to convene again in general session on Monday, May 9, 1983, at 8:00 p.m. or at the call of the Mayor.